

A G E N D A

JAMES CITY COUNTY BOARD OF SUPERVISORS

READING FILE

October 24, 2006

FOR YOUR INFORMATION

1. Lawn Irrigation (LI) Connection Fee

102406readfile.age

MEMORANDUM

DATE: October 24, 2006
 TO: The Board of Directors
 FROM: Robert H. Smith, Assistant Manager, James City Service Authority (JCSA)
 SUBJECT: Lawn Irrigation (LI) Connection Fee

The Board of Supervisors was briefed on the future James City County water supply at a work session on July 25, 2006. The work session included a historical review, current demand situation, and future supply needs as it relates to the King William Reservoir agreement with Newport News. The Board was presented with several options and a recommendation on how to pursue the financing of the future water supply needs for the County.

The recommendation proposed that the Water System Connection Fee be increased from \$300 to \$500 per bathroom fixture as a means to pay for the JCSA's share of a future water supply. The Board requested that staff take a look at establishing a Lawn Irrigation (LI) Connection Fee to offset or reduce the proposed bathroom fixture increase.

Accordingly, research was conducted to identify the number of LI systems being installed in the past 36 months and to make a projection of how many systems may be installed in the ensuing fiscal years. Once the number of projected systems was identified, a determination was made on how much the LI Connection Fee should be to remain revenue neutral for the original Water System Connection Fee total requirement.

Investigation revealed there are two systems in place that record the number of LI systems: LI sub-meter registrations in JCSA for sewer bill adjustments and LI permits issued by Code Compliance. The data below reflects the numbers for each system for the past three fiscal years.

	Actual Connection <u>Fees Paid</u>	Registered <u>Sub-Meters</u>	Permits <u>Issued</u>
• FY04	909	245	156
• FY05	1,068	334	248
• FY06	880	595	264

There is a significant difference between the number of new registered sub-meters and the number of permits issued. The difference may be attributed to the lag time between issuing a permit and the customer actually submitting the sub-meter for registration, or the number of LI systems being installed that do not have a permit. There needs to be a process that would require the payment in full prior to the installation of an LI system for control purposes. Therefore, a system should be established for the LI Connection Fee to be paid before a LI Permit is issued.

The attachment provides two options for how much the LI Connection Fee should be established. Both options allow for a revenue-neutral position from the proposed \$500 per-bathroom fixture. Option One would allow the \$500 per-fixture to be reduced to \$400 per-fixture and an offset of \$2,800 per LI Connection Fee. Option Two would allow for a \$450 per-fixture fee and an offset of \$1,400 per LI Connection Fee.

Should the Board want to adopt an LI Connection Fee, staff would propose that Option Two be adopted at the \$1,400 level. This is for the Board's information - further discussion will take place in early 2007 as we establish public dates for the 2008 budget.

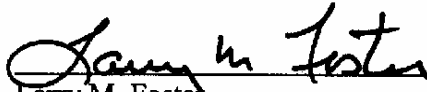
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Robert H. Smith

CONCUR:



Larry M. Foster

RHS/cc

LIConnectFee.mem

Attachment

Proposed Lawn Irrigation Connection Fee

OPTION ONE		FY08	FY09	FY10	FY11
Projected System Connections		808	736	770	713
Projected Bathroom Fixtures	8.4/Unit	6787	6787	6787	6787
Cost per Fixture	\$400	\$2,714,800	\$2,714,800	\$2,714,800	\$2,714,800
Cost per Fixture	\$500	\$3,393,500	\$3,393,500	\$3,393,500	\$3,393,500
Difference/Shortfall		\$678,700	\$678,700	\$678,700	\$678,700
Projected LI Permits		242	221	231	214
(30% of System Connections)					
Cost per LI Permit		\$2,800	\$3,074	\$2,938	\$3,173

OPTION TWO		FY08	FY09	FY10	FY11
Projected System Connections		808	736	770	713
Projected Bathroom Fixtures	8.4/Unit	6787	6787	6787	6787
Cost per Fixture	\$450	\$3,054,150	\$3,054,150	\$3,054,150	\$3,054,150
Cost per Fixture	\$500	\$3,393,500	\$3,393,500	\$3,393,500	\$3,393,500
Difference/Shortfall		\$339,350	\$339,350	\$339,350	\$339,350
Projected LI Permits		242	221	231	214
(30% of System Connections)					
Cost per LI Permit		\$1,400	\$1,537	\$1,469	\$1,586